

MCBRIDE SHOPA & COMPANY, P.A.

BRANDYWINE SCHOOL DISTRICT

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

JUNE 30, 2007

FIELDWORK END DATE: APRIL 9, 2008

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Independent Accountant's Report on Applying Agreed-Upon Procedures

James Scanlon
Superintendent
Brandywine School District
1000 Pennsylvania Avenue
Claymont, DE 19703

The Honorable Valerie A. Woodruff
Secretary, Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19901

We have performed the procedures enumerated below, which were agreed to by Brandywine School District, the Office of Auditor of Accounts, and the State of Delaware Department of Education. The procedures were performed solely to assist the specified parties in evaluating the School District's compliance with criteria from the State of Delaware Fixed Asset Policy Manual, the State of Delaware Department of Education Construction Technical Assistance Manual, the Delaware Code, and the State of Delaware Budget and Accounting Manual. Brandywine School District's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards* (2003), issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Determine if the School District's policies and procedures for identifying, tracking, and recording capital assets are adequate.

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

2. Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

Thomas John Shopa, CPA, CFP, CVA
Charles H. Elter, CPA, CFP
Robert S. Smith, CPA
Ronald E. Derr, CPA
George G. Fournaris, CPA, CGFM

Donald S. Emenheiser, CPA, CFP, MBA
Edward T. Gallagher, CPA, CIA
Dana L. Ketterer, CPA
Clyde G. Hartman, CPA/ABV, CFE, CVA
Cameron B. McDonald, CPA, CCIIFP
Jean D. Lloyd, CPA
Scott G. Sipple, Jr., CPA
Stuart A. Solomon, CPA (NJ)
Alison L. Houck, CPA

Members of:
American Institute of CPA's
Private Companies Practice Section
Delaware Society of CPA's

Certified Public Accountants
A Professional Association

270 Presidential Drive
Wilmington, DE 19807
(302) 656-5500
(302) 656-8024 Fax

37212 Rehoboth Avenue Ext.
Rehoboth Beach, DE 19971
(302) 227-4872
(302) 227-4873 Fax
www.mcbrideshopa.com

3. Determine if expenditures are accurately stated and are made in accordance with the State Fixed Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education, and the Local Board of Education.

Our procedures disclosed an instance of noncompliance that resulted in Finding #07-01 and related recommendations. See *Appendix A*.

4. Determine whether the School District's construction project records and files include only active construction projects as of June 30 of the CFY. Ensure that completed projects have been appropriately closed out of construction and added to the State Fixed Asset system.

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

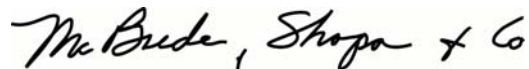
5. Prepare the School District's Schedule of Construction Projects for Fiscal Year 2007.

See *Appendix C*.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Brandywine School District management and Board Members and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Department of Finance, the State Treasurer's Office, and the Office of Auditor of Accounts.

Sincerely,



Wilmington, Delaware
April 9, 2008

SCHEDULE OF FINDINGS & RECOMMENDATIONS

APPENDIX A

Procedure Agreed Upon #3:

Determine if expenditures are accurately stated and are made in accordance with the State Fixed Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education, and the Local Board of Education.

Finding #07-01

Payroll costs of \$173,964 were capitalized and included in the Construction Work in Process (CWIP) report during FY 2007. The district was following guidance from the Budget and Accounting Policy Manual, Chapter XV, Section IV, paragraph B.3. Inclusion of payroll costs in CWIP could result in overstatement of CWIP and fixed asset amounts.

Recommendation:

The district personnel should attend the capital asset training to be presented in May by the Division of Accounting (DOA). During this training DOA will specifically address the topic of payroll in CWIP.

School District Response:

The Budget and Accounting Policy Manual, Chapter XV Fixed Assets, Section IV, Recording of Assets, paragraph B.3 states that payroll costs may be capitalized as fixed assets. The district has no disagreement in principle with excluding payroll costs but has received no guidance from the State that this was no longer the case. The district should not receive a finding for following currently published procedures.

District personnel will attend the capital asset training in May given by the Division of Accounting.

SCHEDULE OF PRIOR YEAR FINDINGS

APPENDIX B

The following schedule summarized the prior year findings and the status of the prior year findings.

Prior Year Finding	Recommendation	Status of Prior Year Finding
Finding #03-03	We recommend that school district management reimburse the State of Delaware for the amount of state funds that were expended representing the local share of school construction. This amount represents 40% or \$27,600 of total state funding under the 1998 Bond Bill.	The district has repaid the state \$27,600 on IV 95CS39569A. Implemented

Status Key:

Implemented

The concern has been addressed by implementing the original or an alternate corrective action.

Not Implemented

The corrective action has not been initiated.

Partially Implemented

The corrective action has been initiated but is not complete and the auditor has reason to believe management fully intends to address the concern.

SCHEDULE OF CONSTRUCTION PROJECTS

APPENDIX C

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FY's	Total Project Expended to Date	Total Unspent as of 06/30/07
Mt. Pleasant High	2002	3,092,200	(180,000)	2,912,200		2,903,970	2,903,970	8,230
Harlan Elementary	1998	69,000		69,000		69,000	69,000	0
Harlan Elementary	1999	933,334	(555)	932,779		932,779	932,779	0
Harlan Elementary	2002	818,700		818,700	1,818	816,882	818,700	0
Harlan Elementary	2003	12,200,000	(850,000)	11,350,000		11,350,000	11,350,000	0
Mt. Pleasant Elementary	2002	900,000		900,000		900,000	900,000	0
Mt. Pleasant Elementary	2003	11,448,600	430,000	11,878,600	28,500	11,849,095	11,877,595	1,005
Concord High	2002	2,488,500		2,488,500		2,488,500	2,488,500	0
Concord High	2003	3,333,300	800,000	4,133,300		4,133,300	4,133,300	0
Concord High	2004	20,071,000	675,000	20,746,000	449,602	20,292,508	20,742,110	3,890
Forwood Elementary	2003	500,000		500,000		500,000	500,000	0
Forwood Elementary	2004	9,206,800		9,206,800	437,623	8,742,162	9,179,785	27,015
Lombardy Elementary	2003	500,000		500,000		500,000	500,000	
Lombardy Elementary	2004	7,102,300	50,000	7,152,300	1,489,748	5,660,271	7,150,019	2,281
Lombardy ES MP	2005	356,218		356,218	318,393		318,393	37,825
Lombardy ES MP	2007	237,487		237,487	212,022		212,022	25,465
Talley Middle	2004	16,666,700	(1,175,000)	15,491,700	2,428,194	13,057,584	15,485,778	5,922
Talley Middle	2005	956,800	250,000	1,206,800	1,064,307	1,733	1,066,040	140,760

SCHEDULE OF CONSTRUCTION PROJECTS

APPENDIX C

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FY's	Total Project Expended to Date	Total Unspent as of 06/30/07
P.S. DuPont Elementary	2006	4,500,000		4,500,000	3,814,901	528,939	4,343,840	156,160
P.S. DuPont Elementary	2007	36,844,800		36,844,800	6,617,279		6,617,279	30,227,521
Lancashire ES MP	2006	1,041,881		1,041,881				1,041,881
Lancashire Elementary	2007	841,700		841,700	108,774		108,774	732,926
Springer MS	2007	2,833,300		2,833,300	527		527	2,832,773
District Office	2007	3,123,800		3,123,800	6,569		6,569	3,117,231
Total		140,066,420	(555)	140,065,865	16,978,257	84,726,723	101,704,980	38,360,885

Copies of Brandywine School District's Agreed-upon Procedures Attestation Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware
The Honorable Richard S. Cordrey, Secretary, Department of Finance
The Honorable Jennifer W. Davis, Director, Office of Management and Budget
Ms. Trisha Neely, Director, Division of Accounting

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph R. Biden, III, Attorney General, Office of the Attorney General
The Honorable Jack Markell, Treasurer, State Treasurer's Office

Other

Joseph Burmskill, Board President, Brandywine School District
Debra Heffernan, Board Vice President, Brandywine School District
Dr. Aletha Ramseur, Board Member, Brandywine School District
Patricia Hearn, Board Member, Brandywine School District
Mark F. Huxsoll, Board Member, Brandywine School District
Olivia Johnson-Harris, Board Member, Brandywine School District
Sandra S. Skelley, Board Member, Brandywine School District
James Scanlon, Superintendent, Brandywine School District
David Blowman, District Business Manager, Brandywine School District